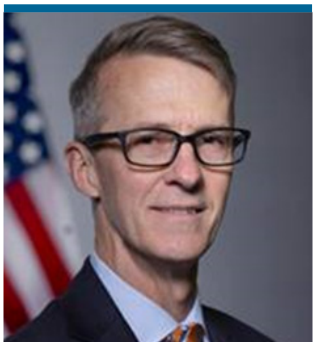
MESSAGE FROM THE CHIEF FINANCIAL OFFICER



March 20, 2025

I am pleased to present the FDIC's *2024 Annual Report*, which covers financial and program performance information and summarizes our successes for the year.

For 33 consecutive years, the U.S. Government Accountability Office has issued unmodified audit opinions for the two funds administered by the FDIC: the Deposit Insurance Fund (DIF) and the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund (FRF). We take pride in our accomplishments and continue to consistently demonstrate discipline and accountability as stewards of these funds. We remain proactive in the execution of sound financial management by providing reliable and timely financial data to enhance decision-making and employing tools and strategies to improve the effectiveness and efficiency of our financial management operations and reporting.

2024 Financial and Program Results

During 2024, the FDIC incurred estimated losses from this year's two bank failures totaling $726 million, as compared to estimated losses from the 2023 bank failures of $20.0 billion. As a result, the DIF's balance recovered from last year's decrease to reach a record high. The DIF balance increased from $121.8 billion as of December 31, 2023, to $137.1 billion at December 31, 2024. The increase was primarily due to assessment revenue and interest revenue on U.S. Treasury securities. The contingent liability for anticipated failures decreased to $126 million as of December 31, 2024, compared to $726 million as of December 31, 2023.

The DIF's cash, cash equivalents, and U.S. Treasury investment portfolio balances increased by $74.1 billion during 2024 to $97.9 billion at year-end 2024, from $23.8 billion at year-end 2023. This significant increase in liquidity was primarily due to the collection of both regular and special assessments during the year, as well as dividend payments collected from ongoing receivership asset liquidation efforts of the large 2023 failures. Interest revenue totaled approximately $4.0 billion for 2024, compared to $2.7 billion for 2023 – an increase of almost $1.3 billion due to investments of money received from receivership dividends and special assessments.

In 2024, FDIC operating budget expenditures totaled $2.5 billion, a decrease of $317 million, or 11.3 percent, from 2023 expenditures. The year-over-year decline is largely attributable to lower receivership expenditures, as costs from the three large regional bank failures of 2023 subsided. Expenditures during 2024 were $477 million, or 16.1 percent, under budget, in part because residual costs for resolving the three large bank failures of 2023 were lower-than-projected. Underspending in 2024 was also driven by vacancies in budgeted positions, and delays in some IT and facilities modernization projects. The FDIC Board of Directors approved a 2025 FDIC Operating Budget totaling $3.0 billion, up $64 million, or 2.2 percent, from the 2024 budget. Authorized staffing for 2025 is 6,876 full time equivalents (FTEs), a decrease of seven positions from 2024.

During 2024, the FDIC continued its oversight of the Enterprise Risk Management (ERM) and Model Risk Management programs. The FDIC also enhanced the Assurance Statement process, and the Corporate Insurance program. The FDIC continued to make improvements in its contract invoice processes, including independent testing and ensuring compliance with FDIC acquisition policies. In 2025, the FDIC will continue to mature its fraud risk awareness and project risk management programs and implement an agency-wide enterprise change management program.

I appreciate the dedication of the FDIC professionals who plan, execute, and account for the agency's resources. Their commitment to ensuring sound financial management provides the foundation for our strong stewardship and ensures that reliable and timely financial information is available to our stakeholders.

Sincerely,

E. Marshall Gentry